

Message Text

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SUBJECT: GOC TO DELAY INTRODUCTION CORPORATE TAX CUTS

REF: OTTAWA 747

BEGIN SUMMARY. IN MOVE THAT WILL DELAY HOUSE OF COMMONS VOTE ON CORPORATE TAX CUTS, MINFIN TURNED ANNOUNCED MARCH 29 THAT WAYS AND MEANS MOTIONS AFFECTING TAX AND TARIFF RATES FOR 1972 WOULD BE CONSIDERED SEPARATELY FROM THOSE AFFECTING RATES IN 1973. OPPOSITION LEADER STANFIELD ANGRILY ACCUSED TURNER OF BREAKING PARLIAMENTARY TRADITION BY REVISING PREVIOUSLY TABLED BUDGET MEASURES. HOWEVER BOTH PC AND NDP LIKELY TO SUPPORT THEIR EARLY PASSAGE. GOC TACTICS FOR DEALING WITH ENACTMENT CORPORATE TAX CUTS, OPPOSED BY NDP, STILL UNANNOUNCED. END SUMMARY.

1. IN STATEMENT TO HOUSE OF COMMONS MARCH 29 MINFIN TURNER TABLED FIVE WAYS AND MEANS MOTIONS ORIGINALLY INCLUDED IN MAY 72 AND FEBRUARY 73 BUDGETS AFFECTING TAX RATES FOR 1972. TURNER NOTED THAT MEASURES WILL AFFECT TAXES PAYABLE IN RETURNS DUE TO BE FILED BY APRIL 30. PROPOSALS INCLUDE INCREASE IN OLD-AGE PENSION, EDUCATION EXPENSE DEDUCTION, MORE LIBERAL

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MEDICAL EXPENSE DEDUCTIONS, TAX FREE TRANSFER OF FAMILY FARM TO CHILDREN ON DEATH, ELIMINATION OF INELIGIBLE INVESTMENT TESTS FOR SMALL BUSINESSES, AND SEVERAL ITEMS ARISING FROM 1971 TAX REFORM.

2. TURNER STATED " I WOULD URGE HOUSE TO DEAL EXPEDITIOUSLY WITH THESE 1972 TAX MEASURES. WHEN THESE HAVE BEEN DEALT WITH, PARLIAMENT WILL BE ASKED TO CONSIDER THOSE TAX MEASURES ARISING OUT OF MAY AND FEBRUARY BUDGETS WHICH AFFECT 1973 AND SUBSEQUENT TAXATION YEARS. THESE WILL INCLUDE MATTERS SUCH AS INCREASE IN BASIC EXEMPTIONS, TAX CUT FOR INDIVIDUALS, INDEXING OF PERSONAL INCOME TAX SYSTEM, TAX REDUCTIONS FOR MANUFACTURING AND PROCESSING INDUSTRIES, AND 1973 REDUCTIONS IN CUSTOMS, EXCISE AND SALES TAXES."

3. OPPOSITION LEADER STANFIELD COMPLAINED THAT BY REVISING PREVIOUSLY TABLED WAYS AND MEANS MOTIONS TURNER HAD ABANDONED TRADITION OF HOUSE. HE AGREED 1972 PROPOSALS WERE URGENT BUT SAID TURNER SHOULD BE FRANK AND OPEN BY INTRODUCING ALL WAYS AND MEANS PROPOSALS (I. E. , ALSO CORPORATE TAX CUT PROPOSALS) AT ONE TIME.

4. NDP LEADER LEWIS SAID TURNER' S METHOD OF HANDLING TAX MEASURES WAS " REASONABLE AND SENSIBLE" ADDING " SINCE MOTIONS ARE LIMITED TO MATTERS AFFECTING TAX YEAR 1972 WHICH CONCERNED INDIVIDUAL TAXPAYERS ONLY, SO FAR AS MY COLLEAGUES AND I ARE CONCERNED WE WILL HAVE NO DIFFICULTY IN GIVING EVERY ASSISTANCE TO HAVING THESE MEASURES PASSED AS QUICKLY AS POSSIBLE..." REFERRING TO TURNER' S STATEMENT THAT CORPORATE TAX MEASURES WOULD BE REINTRODUCED LEWIS STATED " I WANT MERELY TO REPEAT WHAT I HAVE ALREADY SAID, THAT WHEN CONCESSIONS TO CORPORATIONS INDICATED IN MAY 72 BUDGET ARE BEFORE THIS HOUSE WE ARE AS FIRM N OUR OPPOSITION TO THEM NOW AS WE HAVE BEEN."

5. GLOBE AND MAIL REPORTED THAT OUTSIDE HOUSE, REPORTERS SUGGESTED TO TURNER THAT DECISION TO SPLIT BILL IMPLEMENTING CORPORATE TAX CUTS FROM OTHER 1972 BUDGET MEASURES MAKES IT APPEAR " YOU ARE TYRING TO AVOID THE INEVITABLE CRUNCH." TURNER REPLIED " NO, THE CRUNCH WILL UNCLASSIFIED

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HAVE TO BE MET AND GOC REMAINS COMMITTED TO INTRODUCE

MEASURES I SAID IN MAY AND FEBRUARY BUDGET ADDRESSES."
WHEN ASKED IF WORDING OF HOUSE STATEMENT SIGNALED GOC
INTENTION TO HAVE FAST WRITE-OFF APPROVED BY PARLIAMENT
RATHER THAN IMPLEMENTED BY CABINET ORDER TURNER REPLIED
"NOT NECESSARILY. I HAVEN'T MADE UP MY MIND. IT
DEPENDS VERY MUCH ON HOW HOUSE WANTS TO HANDLE MATTER."
SCHMIDT

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